

ADDRESSING THE BIG QUESTIONS ON AGEING

Introduction

1 The *Intergenerational Report* (IGR) and *The National Strategy for an Ageing Australia* released in 2002 identified a large range of important issues associated with an ageing population. Through discussions with key clients, associated research and feedback, the ABS has been able to identify the key issues, or 'big questions' which key policy makers are seeking to address in the ageing context. This paper draws heavily on a recent ABS paper presented to the Australian Statistics Advisory Council (ASAC) to bring forward these issues and to identify how information (ABS and non-ABS) can provide an understanding of the issues.

2 The aim of this paper is not about progression of issues facing the aged, but of how statistical information can be used to better understand the issues being faced by an ageing population. Progression of the key issues is the role of many. The ABS assists in a variety of ways, including through the provision of key statistical data sources and providing statistical leadership and coordination through its National Ageing Statistics Unit.

Issues in Ageing

3 Four key themes on ageing have been identified in this paper.

- a. **Labour Force Participation** and Productivity: how to maintain employment to population ratios given an ageing population, or cope with the economic implications of a declining ratio, including increasing productivity in this environment.
- b. **Retirement and Transition to Retirement:** how to provide for retirement given longer life spans.
- c. **Health and Care Costs:** what are the economic implications of the growing demand on health services and care services.
- d. **Social and Community Impacts of Ageing:** how to promote positive ageing in terms of health, social and economic participation.

4 Consideration needs to be given to these four themes from a national perspective as well as from rural and regional perspectives. Examination of different age cohorts across the ageing process needs to be undertaken as well.

5 The paper sets out briefly the issues covered under each theme, and the types of information that are available to help address the question. In addition, the paper highlights some standards and definitional issues that arise in considering the use of these data sets.

a) Labour Force Participation and Productivity

6 The age profile of the working population is undergoing a shift towards a greater proportion of older workers and a relative scarcity of new entrants. The slowing rate of growth and an increasing aged profile is expected to characterise the Australian labour force up until 2016. Whilst the number of 15-64 year olds (working aged population) will increase from 13.2 million in 2002 to at least 13.4 million in 2051, the proportion of total population is projected to decrease from 67% to a possible 57%.

7 The Prime Minister noted in his address to industry leaders at *An Ageless Workforce* Symposium in August 2003 that a decline in the proportion of the population of working age has social and economic consequences for government and industry. Questions of relevance include:

- i. whether taxation revenues drawn from a relatively smaller pool of taxable persons, will be adequate to meet the health and welfare funding needs (including old age and disability pensions) of a future ageing population?
- ii. whether the slower growth of the labour force will result in skill and labour shortages in the future?
- iii. what are the reasons for older workers withdrawal from the labour force and factors driving transitions such as work to retirements?
- iv. what strategies and policies can businesses and governments develop to encourage workers to remain in the workforce longer?
- v. what labour replacement strategies are needed particularly for those industries with an ageing labour force?
- vi. what strategies are required to increase productivity in an environment of decreasing participation?
- vii. what are the productivity issues associated with changing participation patterns?
- viii. how might people who are no longer in the workforce (e.g. disability, long term unemployed, retired/semi-retired) be encouraged to return?
- ix. what are the training and retraining needs of an ageing labour force?
- x. whether there are changing attitudes towards the contribution of older persons in the labour force (eg skills and ability)?

8 There are a number of ABS sources that can provide information for the development of these strategies. Data sources such as *Labour Force Projections, Australia, 1999 to 2016*, *Labour Force Survey*, *Census of Population and Housing, 2001*, *Labour Mobility Survey* and *Population Projections, Australia, 1999 - 2101*, provide an understanding of the current and potential labour force (demographics, industry, occupation).

9 The *Labour Force Survey* can be used to obtain an estimation of the average age at which people withdraw from the labour force. Further, a short term dynamic picture of labour force participation among older people can be obtained, which could lead to the derivation of transition probabilities between labour markets states

(i.e unemployed, employed, not in the labour force).

10 Data sources such as *Underemployed Workers Survey*, *Job Search Experience Survey*, and *Persons Not in the Labour Force Survey* can provide an understanding of the barriers to remaining in or returning to the workforce and the number of people who potentially could be in the workforce. The *Survey of Employment and Unemployment Patterns* can be used to analyse the dynamics in the labour force participation among older workers. In addition, future topics proposed for the 2004/05 *Multi Purpose Household Survey* (MPHS) include barriers and incentives to labour force participation and retirement and retirement intentions.

11 The ABS are about to publish stock estimates of human capital in Australia and are working towards a stock-flow human capital account. A life time labour income approach is used to measure human capital, and so the value of human capital is closely allied to notions of labour productivity. This work could provide some valuable insights into the productivity gains that might arise from an ageing workforce (broadly speaking older workers tend to be more productive than their younger counterparts, which is reflected in people's age earning profiles). Working with a human capital stock flow account, it would be possible to speculate on the changes in labour productivity that one might expect to arise from the ageing of the work force.

12 Government agencies, such as the Department of Family and Community Services (FaCS), are sources of administrative data sets that could be used to form a compendium of information on labour force participation. For example, a comprehensive understanding of the issues associated with disability pensions and labour force participation can be obtained through examination of labour force supplementary survey data (qualifications, income source and disability as a reason for not participating in the labour force) and pensions data from FaCS. The FaCS data can be presented in a longitudinal format allowing for an examination of the dynamics of welfare participation among older people, providing an understanding of transfer from disability pensions to age pensions.

13 Provision of flexible work arrangements to allow for a transition to retirement is one option for encouraging participation of older workers in the labour force. A number of industry specific or smaller studies have been undertaken on employer issues in relation to the employment of older workers, but there is a deficiency in larger data sets for analysis. This inhibits researchers ability to formulate employer-side models of demand for older workers.

b) Retirement and Transition to Retirement

14 As highlighted in *The National Strategy for an Ageing Australia*, an ageing population will result in the need for financial planning to achieve an adequate retirement income for a longer period of time. The Hon. Kevin Andrews in his opening address at *An Ageless Workforce Symposium* in August 2003, noted that it will be necessary to encourage workers to prepare more for their retirement, with realistic expectations of their ability to fund their retirement. It was also noted that

business have a responsibility in changing management practices to adopt more flexible approaches to work arrangements. Questions of relevance include:

- i. what is the sustainability of retirement funding systems, both private provision and government pensions?
- ii. what expectations do individuals have in regard to their retirement income?
- iii. what trends are evident in patterns of retirement and how are these changing?
- iv. in what ways can governments and employers support the transition to retirement (e.g. what factors are driving transition?) ?
- v. what is the impact on maintaining labour force participation on feelings of social isolation?
- vi. does the extent of retirement funding impact on an individual's ability to engage socially?
- vii. to what extent are people provided for by their superannuation?
- viii. how and when are superannuation funds used?

15 Measuring the retirement intentions and retirement experience of individuals and how that changes over time with changes in government policies and legislation will provide a reference point, and potential performance indicators for the policies implemented. Data from the ABS *Retirement and Retirement Intentions Survey, 1997* and the FaCS commissioned longitudinal Household, Income and Labour Dynamics in Australia (HILDA) survey provide information on income sources, expected retirement plans and demographic information such as age at intended retirement and current age. The inclusion of a proposed topic on retirement and retirement intentions in the ABS 2004/05 MPHS will assist in providing more current data. Other data sources that will assist in understanding the issues include:

- *Superannuation, Employment Arrangements and Retirement Survey (SEARS)* - scheduled for 2006-07 - will provide an understanding of contributions to superannuation.
- ABS experimental estimates of the distribution of household wealth - provides an indication of wealth available to people in their retirement, and hence an indication of the sustainability of retirement funding systems and expectations of retirement.
- The population census collects information on home ownership and whether the house is fully owned or is being purchased, as well as dwelling characteristics together with socio economic characteristics of the individuals in the household.
- OECD data - to provide a comparative analysis of international data on age at withdrawal from the workforce.
- *General Social Survey* - identify characteristics of retired persons and factors associated with older people being outside the labour force.
- FaCS and Department of Veterans Affairs administrative datasets - will provide an understanding of the current pension patterns.
- Household Expenditure Survey collects average weekly expenditure on goods and services at the household level, as well as income and household characteristics, and hence provides expenditure information for households where the reference person is 'retired'.

16 The above data sources, by themselves or in combination, provide the opportunity for the ABS and other government agencies to examine any changes in patterns over time in different cohorts.

c) Health and Care Costs

17 *The National Strategy for an Ageing Australia* notes that a high priority across the life span will be health and well being of the population. As the population ages there will be a change in patterns of disease and disability with an increasing number and proportion of people with neurodegenerative disorders. To address these issues it will be necessary to gain an understanding of:

- i. what will be the cost impact of the additional demands on health and aged care services and facilities as the population ages?
- ii. what are the patterns of health service use (including hospitals, General Practice services and other professional medical services, residential institutions, pharmaceutical benefits) and how might these change as the population ages?
- iii. will there be adequate capacity, now and in the future, within the community to undertake the caring role for older people currently provided by the voluntary and household sector?
- iv. what are the implications for the aged as carers (e.g. grandparents as carers, caring for spouse or parent)?
- v. how will changing family patterns impact on the needs and capabilities of older people?

18 Data sources that can provide a general understanding of some of the above issues include the *National Health Survey (NHS)*, *National Survey of Mental Health and Well-being of Adults 1997*, and the *Survey of Disability, Ageing and Carers 1998*, as well as the *2002 General Social Survey (GSS)* and *2001 Census of Population and Housing*.

19 Data sources that will address more specific issues include:

- *Disability, Ageing and Carers, Australia* - provides an understanding of people with disabilities, their carers and people aged 60 and over; participation in social and community activities;
- *Time Use Survey* - provides an understanding of time spent on activities such as caring, recreation, community participation, paid and unpaid work;
- *Voluntary Work, Australia* - provides an understanding of the time spent volunteering and the types of volunteer organisations;
- *Family Characteristics* - provides an understanding of the changing composition of families and households.
- HIC and hospital morbidity data - provides an understanding of the changing patterns of health service use.
- FaCS data - provides an understanding of the patterns of welfare over time.

20 The issue of health and care costs are best addressed by the combined use of administrative and survey data. The survey data provides demographic and social information about the people receiving services, while the administrative data gives

details on the services received and associated costs. Combining these two sets of complementary information through linkage would provide a powerful dataset for understanding issues of cost, distribution of services, and health outcomes across the population, as well as the distributive effects of alternative policies related to health and care costs. Such linkage does not currently occur with ABS data, but the feasibility of options is being explored.

21 Information on health and care costs are also collected from the supplier side through industry surveys:

- ABS Private Health Establishments collection is an annual survey which collects information about the activities, staffing and finances of all private hospitals in Australia.
- AIHW Australian Hospital Statistics contains information on Australia's hospitals includes the number of hospitals and hospital beds, and key statistics on the resources, expenditure and revenue of public hospitals and on the services they provide.
- ABS Medical Practitioners Survey (MPS) is an ad hoc survey which collects data on demographics, workload, and medical business arrangements for medical practitioners in Australia.
- ABS Building Approvals collects information on the value of buildings approved that have been classified as 'aged care' facilities. The ABS Building Activity Surveys additionally collects information on the value of work done on the buildings.

d) Social and Community Impacts of Ageing

22 The increasing number of healthy old, combined with the longer life expectancy means consideration needs to be given to how people will spend their retirement period, and the implications for community infrastructure, housing, transport, and education services. Issues include:

- i. what are the current patterns of social and community participation ?
- ii. what are the barriers to participation in society including health, disability, security, social isolation and mobility (e.g. travel patterns)?
- iii. how does access to and familiarity with information technology advantage or disadvantage older people?
- iv. are attitudes and behaviour toward older people changing?
- v. what are appropriate housing options and approaches for older people including multi-generational communities?
- vi. how important is education, training and life long learning for older people and what services are needed to support this?
- vii. what are the implications for rural and regional areas?
- viii. whether the implications are different for different age cohorts?

23 Data providing information on the social and economic characteristics of the Mature Age Persons include: *Estimated Resident Population, 2002 General Social Survey (GSS) , 2001 Census of Population and Housing, National Health Survey, Causes of Death,*

Migration, Survey of Education, Training and Information Technology, Survey of Disability, Ageing and Carers, Household Expenditure Survey, Time Use Survey, Survey of Income and Housing Costs and National Health Survey. Understanding the mature age profile is further enriched through the use of non-ABS sources, including health and health care related data from AIHW, Health Insurance Commission (HIC), Department of Health and Ageing, as well as FaCS data relating to welfare programs and income support.

24 *Census of Population and Housing* data, across a number of censuses, allows changing patterns in data for different cohorts of older people to be identified. The census also provides detailed information for studying the circumstances of particular subgroups of older people, for example different socio-economic groups, and how patterns in the data are changing over time within these groups.

25 The *Time Use Survey* provides detailed information on time spent on activities such as paid and unpaid work, and recreation and leisure as well community participation.

26 Understanding the changing attitudes and behaviour toward older people is not easily addressed through the above data sources, and data sources in this area have not yet been identified.

Data Standards

27 Several key issues have emerged as a result of the focus on ageing related data sources including the ability to readily identify data sources, upper age limits and the definition of key age related terms. The key Commonwealth and State agencies responsible for ageing policy have identified as a priority the need to be able to readily identify and compare ageing-related statistical data sources, both ABS and non-ABS. Work currently underway or proposed by the ABS to address these issues include:

- Highlighting ageing themes at the topic level in the Directory of Statistical Services, will significantly improve focus on the datasets of relevance;
- Assessing the feasibility of increasing upper age cut-offs in ABS household survey data. (For example the scope of some Labour Force Survey supplementary topics is (inconsistently) restricted by an upper age limit, such as 69 years. Given the increasing focus on the labour force involvement of older persons this situation needs to be reviewed.)
- Re-development of age output standards to allow for inclusion of older age groups (e.g. 85 years and over, 75 years and over) where the sample size allows.
- Review of terminology used within the ageing community (researcher and government bodies) with a view to developing a submission to have the terms established as recognised standards. Terms currently under consideration include Mature Age Workers, Older Persons, Very Old Persons and Self Funded Retirees.

Conclusion

28 Continued discussions, with Commonwealth and State/Territory agencies with policy responsibility relating to the impacts of population ageing, as well as with other key stakeholders have led to the above understanding of the key 'big questions' regarding the implications of an Ageing Australia.

29 The need for continuing work on the National Statistical Service and joint work between the ABS and other producing agencies in building Information Development Plans-will progress awareness of available data, and the accessibility and usefulness of that data.